

access 11 million access lines, including 4.8 million business lines. This is 63 percent of the business lines in the Ameritech-served region.

42. While there have been some disputes over the specifics of certain collocation arrangements, these have been resolved and Ameritech is in compliance with Section 251(c)(6).

Ameritech Provides Interconnection To Facilities-based CLECs

43. Ameritech has negotiated in good faith and entered into interconnection agreements with facilities-based CLECs in each of the five states, as required by Sections 251(c)(1) and 271(c)(1)(A). Each of these agreements has been approved by the relevant state PUC, either as a voluntarily negotiated agreement under Section 252(e)(1) or as a result of an arbitration proceeding pursuant to Section 252(b)-(e).

44. In each state, competitors are providing local exchange and exchange access to business customers, residential customers, or both, either exclusively over their own telephone exchange service facilities or predominantly over their own telephone exchange service facilities in combination with the resale of the telecommunications services of another carrier. There are at least 11 such facilities-based CLECs competing with Ameritech in Michigan, eight in Ohio, 14 in Illinois, six in Indiana and five in Wisconsin.

VII. Ameritech Has Fully Implemented Each Item of the Section 271 Competitive Checklist.

45. Ameritech believes it is providing products and services, prices, operational systems and performance benchmarks that implement each item of the Section 271 competitive checklist. The following summary provides an overview of Ameritech's implementation of those items not already addressed in the discussion above regarding Section 251. The order corresponds to the headings that appear in Section 271(c)(2)(B).

46. Information about the steps Ameritech has taken to ensure the quality of the access and interconnection it provides is contained in ¶¶ 31-36 above. Based on this evidence, Ameritech believes it is now providing its competitors with interconnection at parity.

47. Numerous competitors in every Ameritech state have available to them under their interconnection agreements non-discriminatory access to (i) all of the network elements that the Commission has required to be unbundled,³ on terms and conditions and at rates consistent with Sections 251(c)(3), 252(d)(1) and 271(c)(2)(B)(ii), (iv-viii) and (x), (ii) standard combinations of elements required to be available by applicable state and federal law, and (iii) sub-element unbundling, to

³ In the Matter of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98 (rel. August 8, 1996).

the extent technically feasible, pursuant to Bona Fide Request ("BFR"). With the exception of local switching, which is available in every state but not yet taken by any competitor, Ameritech is providing all the core unbundled network elements to one or more competitors in each state.

48. Ameritech currently is furnishing unbundled local loops to 15 carriers throughout its region, and carriers in four of the five states are using the loops to provide local service. These carriers have available to them at least eleven different loop types – four varieties of 2-wire analog loops, a 4-wire analog loop, and six varieties of digital loops – on the terms and conditions and at the rates provided for in PUC-approved interconnection agreements or tariffs. Currently, approximately 94,600 unbundled local loops have been leased by competitors from Ameritech and 63,826 of these are already in service in the five states. The systems, methods and procedures by which the nondiscrimination and parity requirements for unbundled loops are satisfied have been implemented on a region-wide basis and Ameritech is confident that they fulfill the requirements of Section 271(c)(2)(B)(iv).

49. Ameritech currently has interconnection agreements providing for unbundled local transport in all five states. CLECs have purchased unbundled local transport in four of the five states under the terms of their interconnection agreements and pursuant to Section 271(c)(2)(B)(v). In addition, competitors such as MFS, TCG, and Consolidated Communications, Inc. ("CCI") are taking this service under access tariffs. Local transport, in the form of both dedicated and shared inter-office

transmission facilities, as defined by the Eighth Circuit, is available to these carriers under their interconnection agreements.

50. Local and tandem switching as defined by the Commission (see 47 C.F.R. § 51.319(C)(1) and (2)), currently are being offered by Ameritech in all five states. Therefore, Ameritech believes it is providing this item as required by Section 271(c)(2)(B)(vi). To date, no carrier has yet ordered unbundled local or tandem switching from Ameritech.

51. Ameritech currently is furnishing numerous carriers in each of the five states with access to 911 and E911 service pursuant to their interconnection agreements. Carriers also may obtain these services pursuant to tariffs in the states of Michigan and Wisconsin. As of June 1, 1998 there were 438 911 trunks in service for competing carriers in the five Ameritech states.

52. Ameritech has taken steps to rectify certain problems identified in the 1997 Michigan 271 proceeding by competitors, and it has improved the accuracy of its 911 databases, as requested by the Commission. Ameritech is confident that these services are provided today at parity with the service Ameritech provides to itself.

53. In addition, Ameritech is furnishing directory assistance and operator service to carriers in every state pursuant to their interconnection agreements or pursuant to tariff. Its procedures for furnishing services are established and implemented on a region-wide basis, and ensure that the services are provided at parity.

54. Ameritech currently is furnishing white page listings to carriers in every state pursuant to their interconnection agreements and as required by Section 271(c)(2)(B)(viii)(see ¶ 23 above). Ameritech's white pages directory policies are implemented on a region-wide basis and both the Michigan PUC and Ameritech's competitors have stated that Ameritech appears to meet this checklist item.

55. Ameritech has furnished, and under its interconnection agreements continues to furnish, telephone numbers to competing carriers in compliance with Section 271(c)(2)(B)(ix)(see ¶¶ 24-25 above).

56. Ameritech currently is furnishing access to its signaling and call-related databases to numerous competitors in every state pursuant to their interconnection agreements. Each competitor also has available to it access to signaling networks, call-related databases, and service management systems. The systems, methods and procedures by which such access is provided, and by which the nondiscrimination and parity requirements are satisfied, have been implemented on a region-wide basis. Currently, dozens of competitors, including interexchange carriers, independent telephone companies, cellular carriers and others are interconnected to Ameritech for purposes of access to call-related databases and signaling.

57. Ameritech has been and currently is furnishing local dialing parity (through interconnection, number portability and nondiscriminatory access to phone numbers) on all of its switches and access lines, and to all carriers that have intercon-

nection agreements, in its five states. Thus, Ameritech believes it is meeting the requirements of Section 271(c)(2)(B)(xii). Millions of minutes of local inter-network calls have been completed in 1998 with full local dialing parity.

58. Ameritech currently is furnishing access to its operations support systems ("OSS") to over 50 carriers in its five states pursuant to interconnection or resale agreements. These OSS perform five functions: pre-ordering, ordering, provisioning, maintenance and repair, and billing. The systems, methods, procedures and electronic interfaces by which these five services are performed and by which the nondiscrimination and parity requirements of Sections 251 and 271 are satisfied are the same throughout the Ameritech region. These resale and UNE customers have used Ameritech's OSS in transacting business, which has resulted in over 635,000 resale lines and 94,600 unbundled loops sold.

59. Ameritech believes it has resolved OSS issues previously identified by the Commission. The primary improvements have come as a result of three factors: (1) increased use of electronic interfaces by both Ameritech and competing carriers; (2) additional carrier experience with use of OSS access services provided by Ameritech; and (3) new documentation, via a Web site, of procedures for ordering and using OSS. I and others from Ameritech have had extensive discussions with the Commission staff about these improvements and the current status of OSS capabilities as part of the Section 271 collaborative meetings held this year. Similar

discussions have been held with state commissions and the DOJ in the same timeframe.

60. Ameritech now offers a fully operational electronic method of pre-ordering, ordering, provisioning, maintaining and billing for resale and all network elements (with the exception of unbundled tandem switching, which no CLEC has yet ordered). Over 750,000 electronic orders have been placed by CLECs with Ameritech. The interfaces have improved dramatically since the Michigan 271 Order was released in August 1997. Many of these improvements are reflected in the performance measurements developed during the last year. Ameritech has worked with each CLEC to convert from manual to electronic systems. As a result, the larger CLECs have converted or are in the process of testing their systems with Ameritech. Efficiencies are gained by both companies once the electronic conversions are implemented.

61. Use of Ameritech's electronic interfaces is growing. In May 1998, faxed orders constituted only 37 percent of CLEC OSS transactions, while almost two-thirds -- 63 percent -- were placed electronically. This has translated into substantial improvements in performance since May 1997. For example, the average due date selection time in 1998 has been 7.9 seconds, retrieval of customer service record data occurs in less than 20 seconds, the average installation interval for business services is 2.2 days, and the business due dates are met 97.4 percent of

the time. It is clear that the electronic interfaces are much more efficient and accurate than manual systems, especially for ordering.

62. To further assist CLECs, Ameritech has developed a Web site -- "TC.Net" -- that provides an easy to use and extensive search capability for ordering and OSS procedures. This new web site has been made available to all active carriers and the Commission.

63. Ameritech now provides competing facilities-based CLECs and resale competitors with electronic access to its OSS that is in every way the equal of the access it provides to itself. Use of these interfaces gives the CLECS all the tools that Ameritech retail representatives have at their disposal and is producing the kind of results that have enabled the expansion of the CLECS business described above. Therefore, Ameritech is confident that these services are provided today at parity, as required by Sections 251 and 271.

64. As a means of improving its quality service and demonstrating parity of performance between services provided to carriers and services provided to retail customers (to ourselves), Ameritech has developed an extensive array of performance measurements to supplement state measures. These are discussed in the affidavit of Wharton B. Rivers. In addition, Ameritech has provided extensive comments to the Commission in conjunction with the Notice of Proposed Rulemaking on Performance Measurements. There are approximately 100 different measurements that Ameritech believes are relevant to demonstrating both perfor-

mance quality and parity. These measurements cover the following categories of service:

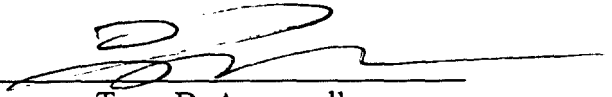
- Pre-ordering and ordering processes and cycle time
- Reliability and availability of OSSs
- Resale performance
- Unbundled Network Element performance

65. Ameritech tracks its performance in each category on an individual carrier basis and makes industry average data, as applicable, available to each carrier in written reports that are discussed at service management meetings held on a regular basis. Parity comparisons with retail equivalents, where appropriate, are also provided to carriers.

Ameritech is Ahead of the Commission's Implementation Schedule for IntraLATA Toll Dialing Parity

66. Although not part of the competitive checklist, intraLATA toll dialing parity ("2PIC") is required by Section 271(e)(2). Ameritech has fully implemented intrastate intraLATA toll dialing parity in Illinois and Wisconsin. Implementation is complete in 70 percent of Ameritech's Michigan territory, with the remaining 30 percent to be completed ten days prior to February 8, 1999 (or earlier if Ameritech begins offering in-region interLATA services in Michigan). Ameritech is also on track to meet the February 8, 1999 deadline for LTNP implementation in Indiana and Ohio.

I declare under penalty of perjury that the foregoing statements are true and correct.

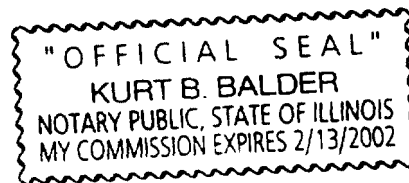

Terry D. Appenzeller

Sworn and subscribed before me

this 21st of July, 1998



NOTARY PUBLIC



My Commission Expires: 2/13/02

Pursuant to 47 C.F.R. §§ 1.743(c), 1.913(c), 5.54(c), the preceding document is a copy of the original signed affidavit, which was filed as an attachment to Exhibit 2 to the Form 490 applying for the Commission's consent to transfer control of Part 22 licenses held by Detroit SMSA Limited Partnership from Ameritech Corporation to SBC Communications Inc. That Form 490 was filed concurrently with this application.

**AFFIDAVIT OF
ROBERT JASON WELLER**

WASHINGTON)
) SS:
DISTRICT OF COLUMBIA)

ROBERT JASON WELLER hereby states and affirms as follows:

I. Introduction

1. I am Director, Corporate Strategy, Ameritech Corporation. My business address is 30 S. Wacker Drive, 37th Floor, Chicago, IL 60606.

2. I received Bachelor of Science Degrees from the Massachusetts Institute of Technology (MIT) in Materials Science and Engineering in 1982 and in Humanities and Engineering in 1984. From 1982 to 1984, I was a junior member on the consulting staff of the Boston Consulting Group, an international strategic management consulting firm for clients ranging from a telephone equipment manufacturer to a diversified conglomerate. I also received a Masters in Business Administration Degree from the Graduate School in Business Administration at Harvard University in 1986.

3. I joined Ameritech in August 1986, and have held a series of marketing, business development, and strategy positions of increasing responsibility in our directory advertising, local telephone, and corporate strategy organizations. In May 1994, I was promoted to Director, Corporate Strategy. My responsibilities include development of Corporate Strategies and growth initiatives, and support of both our domestic and

international telecommunications units. I have also represented the company on the boards of various companies in which Ameritech has invested. I have spoken to various trade groups, university classes, and industry conferences in the U.S. and Canada on telecommunications issues.

4. Since 1989, I have worked on cross-company issues addressing various corporate issues and business development activities. In the past four years, I have directed and conducted industry opportunity assessments in over a dozen different arenas and over 100 different companies. I participated extensively in the SBC/Ameritech transaction, preparing financial and strategic recommendations for our senior management, conducting reviews of our respective businesses, and working closely with our outside advisors.

5. The purpose of this affidavit is to address several subjects. First, the affidavit discusses the importance of the merger for creation of an effective, competitive U.S. telecommunications carrier in the global marketplace. Second, it sets forth how the merger with SBC will advance our strategic objectives, including national and global expansion, will improve Ameritech's ability to serve its customers, and will benefit our shareholders. Third, it discusses the reasons Ameritech did not and could not pursue a national-local CLEC strategy prior to the merger, and why the merger makes that strategy possible.

II. Background

6. Many of the recent changes in the telecommunications industry were set in motion by the Telecommunications Act of 1996 ("the Act"). The Act held the promise of full long distance relief and the removal of a number of the barriers which had limited our ability to serve customers. It also created a new regime for facilitating local competition. Marketplace and technological developments have also contributed to fundamental industry changes.

7. As a result of these regulatory, market, and technology developments, local and intraLATA toll competitors have grown substantially, operating with huge financial backing from the capital markets. And it is not just new entrants that are pursuing the local telecommunications business and taking advantage of the Act. AT&T's recent Teleport and TCI merger announcements represent investments by AT&T (totaling approximately \$60 billion) comparable to the market value of Ameritech. The WorldCom investments in MFS, UUNET, Brooks Fiber, and MCI are also comparable to the market value of Ameritech. Like AT&T, WorldCom sees a huge strategic opportunity in the local and long distance telecom businesses. These powerful combinations have emerged as the primary strategic competitors to most LECs, with (a) substantial financial strength, (b) leadership in various business segments, e.g., Internet, wireless, long distance, cable (with AT&T/TCI), etc., (c) robust networks in- and out-of-region, (d) strong brands, and (e) broad customer bases.

8. Wireless services continue to grow rapidly, and new digital technologies are leading to increased capacity and lower costs. The development of PCS networks is intensifying competition, and many PCS providers are able to offer a broad wireless footprint. The largest of these competitors, especially AT&T, Nextel, and Sprint PCS, are aggressively promoting their national footprints. AT&T and other wireless providers also clearly have designs on the local phone business, whether via straight wireless service or a fixed-wireless offering.

9. There are also dramatic increases in the amount of data traffic and in the role of the Internet, including Internet telephony. While data and Internet services offer enormous opportunities, local carriers such as Ameritech face significant challenges in successfully creating, integrating, operating, supporting, monitoring and upgrading full customer offerings that incorporate these services on a broad scale. Increasingly, businesses are looking for national and global reach to link their own computers together as well as with those of their suppliers and customers.

10. Significant recent mergers and joint ventures have been and are taking place in the industry, creating a collection of super carriers. These super carriers seek to serve large business customers, including multinationals, to build world class services and scale efficiencies, and to establish a significant presence in the United States, Europe and elsewhere. The competitors include the Global One partnership of Sprint, Deutsche Telekom, and France Telecom; the WorldCom/MCI/Brooks/MFS/UUNet/Telefonica partnership; the AT&T/TCI/Teleport - Worldpartners (Telstra of Australia, KPN of the

Netherlands, Telia of Sweden, Swisscom, etc.) partnership; Bell Atlantic/NYNEX; and the British Telecom/ Concert Venture.

11. In light of these industry developments, Ameritech has concluded that becoming a national and global company will create critical strategic opportunities that would not be available to a regional company. It would position Ameritech for higher sustained growth and to take advantage of the opening of the national and global telecommunications markets. The SBC merger, by providing additional resources, allows Ameritech to participate in creating a company with true national/global status.

III. The SBC/Ameritech Merger

12. Ameritech will benefit from the merger in four principal ways. First, Ameritech will increase its global activities. Both Ameritech and SBC recognize the opportunities in the international marketplace, and are eager to combine to create a leader in the international telecommunications arena. The new SBC will have greater human and financial resources, and the overall skills required to participate in this marketplace, on a greater scale than Ameritech would as a stand-alone company. It will have the resources and commitment to project U.S. telecommunications services and marketing expertise throughout the world.

13. Second, the merger makes it possible for Ameritech to be part of a national/local strategy. Ameritech alone does not have the ability to expand its domestic footprint at the same time that it is financing new services and expanding internationally. Together, however, these companies can pursue domestic expansion strategies with the

human resources, earnings and cash flow from the combination, while continuing to manage the basic business successfully. The national/local strategy could not be achieved—and would not have been pursued—by Ameritech alone.

14. Third, the new SBC will improve and expand Ameritech's services and operations by combining the "best practices" of both companies. The skills of SBC and Ameritech are highly complementary, not simply overlapping. This builds on the consolidation efficiencies from the merger to create a world class company. There is a tremendous opportunity to integrate and apply each company's best practices in such areas as revenue growth, asset management, capital allocation, cost control, operational and engineering practices, marketing programs, and product offerings. Taking advantage of best practices, domestically and internationally, will drive growth, add services, create value for customers, and enhance value for shareowners. This opportunity would not be available to Ameritech alone.

15. Fourth, shareowners of our company likely will benefit financially from becoming part of the larger company. For our owners, regardless of their investment horizon, the initial premium is attractive and results in Ameritech shareowners owning 44% of the combined SBC/Ameritech (excluding SNET). For our owners with long term horizons, the accelerated long term growth prospects for the business are attractive. In addition, the combination also allows Ameritech's employees to be part of one of the most respected carriers in the industry, and provides these employees more opportunity than they would have as part of Ameritech alone.

IV. The Merger Provides Considerable Benefits for U.S. Telecommunications Suppliers, Businesses, and Consumers

A. Geographic Expansion

16. The SBC/Ameritech merger provides considerable public interest benefits through expansion to new geographic markets. Both Ameritech and SBC have built significant international holdings, collectively valued at \$14 to \$15 billion worldwide, significantly larger than any other U.S.-based telecommunications carrier. Through major investments in Belgium, Denmark, Hungary, and Norway, worth approximately \$8 billion, Ameritech has become the largest U.S. investor in Europe. All except Norway involve the incumbent domestic carrier. In addition, through its control position in TeleDanmark, Ameritech effectively has additional investments in 8 - 10 other European countries. SBC's international assets complement Ameritech's by adding holdings in South Africa, the Americas (Mexico, Chile), Asia (Korea, Taiwan, and SBC's Undersea Cable), and Europe (France, Switzerland, and the UK). SBC's investments include a mix of wireline and wireless, incumbent (South Africa and Mexico) and new entrant (France, Switzerland, Chile, UK) assets.

17. The new SBC will immediately be unique. No other U.S.-based company serves as many customers (via affiliates) internationally nor has as broad a reach of customers within the countries in which it operates. No other U.S.-based company holds as many telecommunications assets internationally, and none has made as large or as broad an investment in developing countries, including Mexico, Africa and countries in Central Europe. The new SBC's commitment to the resources and customers associated

with achieving economic development internationally is unrivaled. The combined company will further strengthen its leadership position by becoming a competitive carrier in over a dozen major metropolitan areas around the globe.

18. The new SBC's geographic expansion will provide several public interest benefits. First, the merger strengthens the ability of Ameritech and SBC to improve the operations and offerings of affiliates in several important ways.

(i) The resulting consolidation will free up additional SBC and Ameritech employees with marketing, technical, customer service, systems, and business process knowledge who can improve the operations and offerings of our affiliates and can jump start the competitive international activities. Experience demonstrates that such benefits are real and substantial. For example, prior to Ameritech's 1993 investment in MATÁV (the largest Hungarian telephone company), the waiting time for a residential phone was approximately 15 years; today, there is no backlog. MATÁV has increased the number of customer lines from 1.5 million in late 1993 to 2.4 million lines this year, an increase of 60%. MATÁV became the first Central European telephone company on the New York Stock Exchange in 1997, and has the highest market capitalization of any Hungarian corporation. Between 1996 and 1998, Belgacom greatly improved customer care (e.g., over 60% increase in number of customer calls answered, customer satisfaction more than doubled), and operator services (e.g., speed of answer improved by 70%, customer handling time decreased 18%, calls handled per month increased by over 50%). While Ameritech's ability to work with its affiliates has resulted in dramatic improvements in service levels and productivity, these levels remain below those achieved in the United States. Many of the services that our customers take for granted, from Centrex to calling cards to voice mail services, are not widely available internationally.

(ii) The merger provides enhanced domestic operating and marketing practices that can be exported from the United States and shared among international affiliates. The opportunity now exists to share technology and offerings not only from the new SBC but also across a broader set of affiliates, even on different continents. Ameritech's affiliate in Denmark, for example, has sold billing system software to our affiliates in Hungary and Belgium to the mutual benefit of the companies, and has exposed them to new product offerings they may choose to sell in the future.

(iii) The merger provides additional purchasing economies across suppliers, which should allow our international affiliates to expand their investments and services in their home markets. The merger will allow the benefits of purchasing scale and knowledge to improve the affiliates' operations and to expand the areas where new offerings and technology can be deployed.

19. Second, the merger provides the resources for increased global expansion, not only through investments in incumbents or established carriers, but through investments in new facilities and in new competitive services. Ameritech has been trying to grow its business internationally over the past several years, but it has been reluctant to make a major, significantly dilutive international investment. The result is that Ameritech has considered existing privatizations, usually in small to medium-sized countries, as the principal means of expansion, rather than start-ups or competitive initiatives. The merger allows the new SBC to take a bold leap into offering competitive international facilities and services in multiple countries on three continents.

20. Third, the broader scope of the combined company will enable U.S. companies to conduct international business more efficiently. In addition, the new SBC will contribute to economic development in a broad range of countries, thereby improving the economic climate and telecommunications infrastructure for U.S. companies doing business or considering doing business in these countries. Finally, the new SBC will contribute, through both its competitive activities and its participation in privatization, to the overall reduction in retail and wholesale international long distance rates (wholesale would include transit, termination, and settlement rates).

21. Fourth, large business customers have multiple locations across multiple states, regions, and continents. These firms (the largest 1%) represented approximately \$1.7 billion in 1997 Ameritech revenues, 11% of total revenues. This is an important target market for many CLECs, and as a result Ameritech has experienced significant losses in this segment. The new SBC provides the scope and scale to serve these customers as they wish to be served, via a single point of contact. The single point of contact benefits these customers in multiple ways: (a) it enables them to purchase equipment, systems, local, long distance, and other telecommunications services in bulk, thereby reducing their costs; (b) it enables them to have similar systems across sites over time; (c) because of the new SBC's scale, it will be able to devote more resources to meeting the needs of its large customers; and (d) the new SBC will have a single sales team focused on customers at the places of their choice, eliminating duplicate sales efforts across different regions. For example, an automaker with offices and plants in Michigan, Ohio, multiple other states, and overseas will be able to use a single point-of-contact for telecommunications services throughout its operation and, over time, receive consolidated billing.

22. Fifth, as a result of the advanced telecommunications investments of the new SBC, U.S. consumers will benefit from lower international long distance rates, as well as from improved access to goods and services internationally. For example, two of Ameritech's three largest European affiliates are already within the FCC's target pricing guidelines for inter-council national settlement rates and the third -- MATÁV -- has

among the lowest average settlement rates of Central European telephone companies. For U.S.-based companies and consumers, this means lower international long distance rates, lower overall telephone bills, and reduced barriers to conducting export businesses and other activities in these countries. In addition, U.S. business and consumers will benefit from the enhanced reliability of international terminations to many important countries.

23. Sixth, U.S.-based suppliers of telecommunications products and services will benefit from this expanded global presence. They already have benefited from Ameritech's presence in Europe. Ameritech has worked with these suppliers, and knows what they are capable of delivering. These suppliers often can improve business processes, productivity, and information flows. They can enable new services, including services required to implement interconnection and other pro-competitive capabilities. For example, Ameritech personnel brought selected U.S. suppliers to the attention of MATÁV and U.S. companies. MATÁV clearly benefited from the functionality these suppliers deliver. The capabilities brought to Hungary include: Data warehousing systems (HP), testing equipment (Teradyne), automated directory assistance platforms (IBM), network monitoring systems (Digital), wireless local loop technology (Motorola), work force management software (Silicon Graphics), and fault tolerant computers (Tandem/Compaq). Collective sales from these companies to MATÁV total approximately \$200 million. In Belgium, where process improvements are crucial to improving service, Ameritech personnel identified U.S.-based information technology

and networking consulting firms to improve Belgacom's processes and encourage the company to work with these firms. SBC and Ameritech expect to continue working with the strongest possible telecommunications suppliers internationally. Many of these suppliers are American companies. Thus, the merger will benefit U.S. suppliers as the footprint of the new SBC grows.

B. Efficiencies and an Expanded Range of Products

24. The new SBC will derive substantial efficiencies both from consolidation activities and from the sharing of best practices. It will also be able to offer an expanded range of products. The efficiencies will result from a dramatic improvement in the cost structure of the business, strengthening our long term low unit cost position. Ameritech's expectations for synergies are fully consistent with its experience between 1992 and 1995, when it consolidated from five local telephone companies into one. For example, significant duplicate corporate overhead, as well as other redundant functions, can be eliminated. By unifying purchasing across the companies, the new SBC should receive increased volume discounts. The savings can be used to upgrade systems and networks, and to invest in new research and development as well as in new services. This is consistent with Ameritech's experience in using savings from in-region consolidation to support customer service improvements and to expand our product offerings. This is the result both of increased efficiencies and of the use of combined best practices. The improved efficiencies will ultimately benefit customers and provide additional resources to finance future investments. Through expanded scale, Ameritech will be able to

strengthen its services and relationships. With larger volumes, the new SBC should be able to work with its suppliers to develop special products, meeting customer needs that those suppliers would be unable to meet on their own.

25. The opportunities for improving service and operating results by incorporating best practices are substantial and involve virtually all parts of the business. Ameritech has higher productivity (access lines per employee) than SBC's local telephone business, achieved through consolidating its in-region activities. For example, Ameritech has already improved its service on high-cap facilities by employing SBC's best practices at the urging of AT&T (see Rivers Affidavit). The new entity will be able to pull the best practices from four predecessor companies—PacTel, Ameritech, SBC, and SNET. Ameritech can bring the knowledge it gained when it centralized its carrier operations by combining five centers into one. Ameritech was able to take the best process management practices from each of the five centers and apply them to the new entity. Ameritech has seen a dramatic increase in customer service response times and improved network reliability, because of the consolidated operations and the application of best practice.

26. SBC employs best practices in developing new vertical features and services. Currently SBC is industry leading with 2.3 vertical features per phone line. In combination, Ameritech's customers can benefit by increasing their vertical features and having more efficient telecommunications services at home or in their offices. This would benefit both residential and business customers.